

CHAPTER 8

DOES INEQUALITY IMPEDE HAPPINESS IN TURKEY?

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1. INTRODUCTION

Inglehart and Welzel (2005)'s modernization theory lead to the belief that economic development can pave the way for higher subjective well-being in a society by providing existential security to individuals. In line with this view, there are theories which suggest that economic growth will trickle down to the society (Aghion & Bolton, 1997). However, Easterlin's seminal article (1974, 1995) finds the contrary that average happiness scores do not rise or rise only slightly despite significant growth in GDP using subjective well-being data from Western countries and especially the USA.

There could be many explanations for this puzzle such as people's adaption to new income or increased aspiration levels (Frederick & Loewenstein, 1999). One explanation could be the role of inequality. If not everyone sees the benefits of economic growth, but only a small minority in those countries benefits from the economic growth, this can easily result in lower wellbeing especially among those who fell behind.

Thurow (1971) argues that just like enjoying a well-done painting, individuals may enjoy equality per se. Moreover, several studies show evidence about inequality aversion through economic experiments (eg. Dawes, Fowler, Johnson, McElreath, and Smirnov (2007); Fehr and Schmidt (1999)). Many studies also show lower subjective wellbeing in communities with higher income inequality such as in Israel (Morawetz et al., 1977) and in Europe and the USA (Alesina, Di Tella, & MacCulloch, 2004). Oishi and Kesebir (2015) finds that among 34 countries that experienced economic growth, there is no increase in happiness scores for those countries which has rising income inequality.

Piketty and Saez (2014) shows the rising inequality levels in various countries including Sweden and Germany that have a good record in terms of maintaining low income inequality and the USA which have high income inequality. OECD

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On the other hand, we also report a big tendency for desiring a more equal distribution of income among participants from Turkey as majority of both higher income and lower income groups supported a more income equality. Many other studies such as Norton and Ariely (2011) show that in the USA, another high inequality country, people desire to live in a more equal country.

In sum, the findings of this study suggest that inequality is hazardous to well-being in Turkey as in many other places. Actually, the real effect of inequality on wellbeing will depend how much inequality is perceived by people. People may overestimate the inequality as well as underestimate it as shown in Norton and Ariely (2011). How much inequality people in Turkey perceive and desire is a topic further research.

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